



Office of Performance Evaluations Idaho Legislature

Report 06-04F

August 2006

Fiscal Accountability of Pupil Transportation Follow-up Report

We made nine recommendations for improving program management and oversight in our January 2004 report on the fiscal accountability of pupil transportation. In this follow-up report, we found that seven of the nine recommendations were fully implemented and the other two were in process.

This report also briefly discusses the process used to grant transportation funding cap waivers. We found the waiver process could be strengthened by clarifying the criteria for granting a waiver and by requiring districts that contract to itemize non-reimbursable costs in their reimbursement claim.

Background

In January 2004, we released a report on the fiscal accountability of pupil transportation and how the state reimburses school districts for their costs of transporting students to and from school. This report is the first follow-up on progress made in implementing our recommendations. The final section of this report also addresses legislative concerns about the process used to grant waivers to districts subject to a state reimbursement cap. Idaho Code requires the state to reimburse school districts for 85 percent of the allowable costs of transporting students to and from school. The department will reimburse school districts \$61.3

million for transporting about 97,600 students over 25 million miles in fiscal year 2005.

Our January 2004 report had recommendations for three entities: the State Board of Education, the State Department of Education, and the Independent School District of Boise. The recommendations to the board and the department are intended to clarify the department's role, strengthen safety, and improve fiscal and contract management practices. One recommendation directs the Boise School District to seek contract renegotiation to compensate for substituting 100 used buses for the new ones agreed to in contract.

Current Status

We spoke with representatives from the department, the board, and the Boise School District and reviewed documentation provided by each entity to assess progress made in implementing our nine recommendations. Overall, seven recommendations have been fully implemented and the other two are in process. The recommendations are summarized on the following pages and grouped by the entity to which the recommendation is directed. Self-assessments of the department and the board's implementation efforts are provided in appendix A.

This report was completed at the request of the Joint Legislative Oversight Committee under the authority of Idaho Code § 67-457 through § 67-464. Questions about the report may be directed to the Office of Performance Evaluations through e-mail (opeinfo@ope.idaho.gov) or phone (208 334-3880).

Recommendations for the State Board of Education

We had three recommendations for the board intended to improve the accountability of state transportation funds:

- Clarify the department's role for administering and providing fiscal oversight of state transportation funds and for approving transportation contracts
- Obtain a formal Attorney General opinion on whether bus route information can be considered district property and used to assist potential contract bidders
- Require school districts to use the Department of Education's recommended format for contracting transportation services and to provide district guidelines for reviewing contract bids

The department and the board worked with legislators to clarify the department's role in overseeing the use of state transportation funds in Idaho Code and administrative rule.¹ The changes also strengthen the department's role in approving transportation contracts and now require districts to use a department approved model contract for transportation services.

In addition, the Attorney General's office provided the board with an analysis discussing the use of bus route information in the contracting process. The department has also updated administrative rule to help clarify which information should be included in the bidding process.²

¹ IDAHO CODE §§ 33-1510, 33-1511 and IDAHO ADMIN. CODE, IDAPA 08.02.02.150, Rule by Reference, *Standards for Idaho School Buses and Operations*, August 2004, 76.

² IDAHO ADMIN. CODE, IDAPA 08.02.02.150, Rule by Reference, *Standards for Idaho School Buses and Operations*, August 2004, 76.

Finally, the board reports that the department is in the process of developing guidelines for evaluating transportation contract bids. The department expects to complete the guidelines by the end of 2006.

Because the board has made substantial progress in implementing these recommendations and continues its efforts, we have assessed the first **two recommendations as fully implemented, and the one relating to developing guidelines for reviewing contract bids as in-process.**

Recommendations for the State Department of Education

Our report had five recommendations for the State Department of Education:

- Provide effective oversight of school district pupil transportation
- Ensure adequate resources are available for effective oversight
- Encourage school districts to implement cost containment measures
- Ensure district counts of bus riders used to calculate state reimbursement is standardized and reported accurately
- Optimize the use and replacement of school buses

District Oversight

The first two recommendations are related to the department's review of district transportation programs. At the time of our 2004 report, we found the majority of the department's efforts focused on statutorily required bus safety inspections. We estimated that without additional resources, on average, districts would be subject to full program and fiscal review once every 40 years. The department used our findings and recommendations and worked closely with policymakers to identify its resource needs. As a result, the Legislature appropriated additional staffing and resources to the department. The

department has now restructured its review process to include a full financial and program review of each district every two years. **We therefore conclude the department has fully implemented both recommendations.**

Cost Containment Measures

The biggest expense in operating a pupil transportation program is the drivers' salary and benefits.³ Inefficient bus route configuration significantly impacts the costs of transportation by increasing the number of bus routes. In response to our recommendation to encourage district cost containment, the department has taken measures to help districts better manage their costs. For example, department staff have increased their appraisal of routing efficiencies in district reviews and have modified reporting formats to help districts monitor bus occupancy levels.

The department and the statewide Pupil Transportation Steering Committee have also published a summary of best practices for pupil transportation programs. The department continues to train district transportation supervisors on ways to use existing department reports to reduce program costs. In addition, the department has also implemented our recommendation to train districts about the availability of Medicaid funding for selected special education costs, and it requires districts to report Medicaid funds used.

Because the department has instituted recommended changes to encourage districts to use cost containment measures, we have assessed **this recommendation as fully implemented.**

Standardize Bus Rider Counts

To ensure the information used to calculate district reimbursement is accurate, we recommended the department establish a standardized approach to collecting student bus

rider counts in administrative rule. The department has made appropriate rule changes and now selects the days on which rider counts are taken each year. **We therefore conclude the department has fully implemented this recommendation.**

Model Bus Replacement Plan

The state reimburses districts for the costs of new buses. The availability of funds, bus age, and cumulative mileage are the primary factors that influence district bus purchasing and replacement decisions. At the time of the 2004 report, we found that some districts did not dispose of the buses they replaced, but rather added them to their spare bus fleet. Even if these buses are seldom used, the district incurs costs for inspection and maintenance.

We recommended that the department develop a model bus replacement plan that would help district transportation supervisors optimize the number of buses in the fleet based on mileage, age, and use criteria. The department has made changes in administrative rule that standardize bus depreciation schedules, and it is in the process of developing a model bus replacement plan. Because the department reports it is still developing a model plan, we have **assessed this recommendation as in process.**

Recommendation for the Boise School District

We had one recommendation for the Independent School District of Boise. The Boise School District contracts for pupil transportation services. At the time of our 2004 review, we found the district had allowed the contractor to substitute 100 used buses for the new ones stated in the contract, without renegotiating the contract price. We recommended the district attempt to renegotiate a reduction in price. If renegotiation was not possible, we recommended the district go out to bid at the end of the three-year contract, instead of automatically extending the contract for an additional two years.

³ Office of Performance Evaluations, *Fiscal Accountability of Pupil Transportation* 04-02 (January 2004), 3.

The district disagreed with our findings and performed their own audit. The district's auditors reported the substitution of buses resulted in no savings to the contractor. Regardless, the district and the contractor mutually agreed to terminate the contract one year early. The district rewrote the bid specifications to bring bus age requirements in line with other district transportation contracts, and removed the bus facility lease costs and fuel costs from the contract.

District officials estimate that the new contract has saved the district about \$214,000 in the first year. Changes in the contract specifications make it difficult to determine if the new contract reflects savings from the substitution of used buses. However, because the district re-bid the contract, we conclude that **this recommendation has been fully implemented.**

Additional Legislative Concern about Funding Cap Waivers

As part of our follow-up report, we reviewed the transportation funding cap waiver process to determine if waivers were granted consistent with statute. In 2003, the Legislature placed a cap on the reimbursement of pupil transportation costs to provide an incentive for school districts to operate economical transportation programs. The funding cap limits district reimbursement to 103 percent of the state average cost per mile or cost per student rider, whichever is more advantageous to the district.⁴ Districts do not receive state reimbursement for costs above the funding cap. The department reports that the funding cap saved the state about \$950,000 in fiscal year 2004.

⁴ IDAHO CODE § 33-1006 (5) establishes the funding cap, which was phased in over three years. The cap was set at 110 percent for the fiscal year 2005 reimbursement, 105 percent for the fiscal year 2006 reimbursement, and 103 percent for the fiscal year 2007 reimbursement.

Idaho Code § 33-1006 allows districts with transportation costs above 103 percent of the state average to request a waiver from the State Board of Education. According to the statute, the board may grant a waiver if the district can demonstrate that its transportation costs are higher than average because of “uniquely difficult geographical circumstances” or “extraordinary one (1) time circumstances outside the district’s foresight and control.”⁵ The statute does not provide a definition of either term.

Waiver Review Process

The board has engaged in the waiver process three times since the funding cap went into effect. The three districts requesting waivers at the April 2005 board meeting were approved as part of a consent agenda with no discussion by the board. At the June 2005 and June 2006 meetings, members discussed waivers based on information provided by the department about each district’s transportation program. Exhibit A lists the districts that requested a waiver for their fiscal year 2004 and 2005 reimbursement.

Our review of board member discussion and meeting minutes indicates that some districts may have been granted waivers for their 2005 reimbursement for reasons other than those allowed in statute. For example, meeting minutes indicate that one district waiver was approved “based on the impact of growth and escalating cost of living” in the area. It is not clear if an on-going problem (high cost of living) qualifies under the statute as a one time extraordinary circumstance beyond the district’s foresight. During the most recent review process, the board made an effort to ensure waivers were only considered based on the criteria outlined in statute. However, board members expressed confusion about the interpretation of the statute in specific circumstances.

⁵ IDAHO CODE § 33-1006 (5).

Exhibit A: Districts Applying for Transportation Funding Cap Waivers, Fiscal Years 2005–2006

	Waiver <u>Approved/Denied</u>	Waiver in <u>Effect^a</u>
Requested in April 2005		
Kamiah	Approved (by consent agenda)	FY04–08
Lapwai	Approved (by consent agenda)	FY04–08
Garden Valley	Approved (by consent agenda)	FY04–08
Requested in June 2005		
Soda Springs	Approved	FY04
Buhl	Approved	FY04
Wendell	Approved	FY04
McCall-Donnelly	Approved	FY04
Mountain Home	Denied	—
Moscow	Denied	—
Horseshoe Bend	Denied	—
Blackfoot charter	Denied	—
Boise	Denied	—
Requested in June 2006		
Buhl	Approved	FY05
Dietrich	Approved	FY05
McCall-Donnelly	Approved	FY05
Meadows Valley	Approved	FY05–09
Moscow	Approved	FY05–09
Valley	Approved	FY05
Wendell	Approved	FY05
Caldwell	Denied	—
Kellogg	Denied	—
Mountain Home	Denied	—
Salmon	Denied	—
Twin Falls	Denied	—

^a According to Idaho Code § 33-1006, waivers granted for geographical circumstance are in effect for 5 years, and waivers for one time circumstances are in effect for one year.

Source: Office of Performance Evaluations' analysis of Board of Education data.

After reviewing board meeting audio files and other materials and speaking with representatives of the board, the department, and legislative Budget and Policy Analysis, we found considerable differences in individual interpretations of the waiver criteria. For example, legislative staff interpreted the geographical criteria to mean “sparsely populated, unpaved mountain roads that must be driven slowly.” Department staff, on the other hand, considered the geographical criteria to apply to districts with rural routes that could not be efficiently reconfigured because of the terrain and limited access to roads.

The Legislature and the State Board of Education may wish to further define the waiver criteria, either in statute or in administrative rule, to ensure waiver approvals are consistent with legislative intent.

More Contracting Districts Subject to Funding Cap

Exhibit B lists the 18 districts that are subject to a funding cap for their fiscal year 2005 reimbursement and the amount of money that will not be reimbursed due to the funding cap.⁶ These districts are further grouped by whether they contract for transportation services or are district operated.

As shown in exhibit B, districts that contract for services tend to have a larger percentage of their transportation expenses subject to the cap and tend to have higher costs per student and costs per mile. Only about 20 percent of the state’s school districts and charter schools contract for transportation services, yet they make up 67 percent of districts subject to the cap in fiscal year 2005. One would have to wait to analyze the cause of cost differences between contracted versus district operated transportation services,

⁶ The district may apply for a waiver from the State Board of Education. If granted a waiver, the board specifies the amount of overage that is to be reimbursed to the district.

because the funding cap has not been in place long enough to produce meaningful trend data. If the department required contracting districts to

report selected overhead expenses not typically reimbursed by the state, district transportation costs would be more comparable.

Exhibit B: School Districts Above the Transportation Funding Cap for Fiscal Year 2005 Reimbursement

	Reimbursement Above <u>Funding Cap</u>	Percent of <u>Reimbursement</u>	Cost Per <u>Mile</u>	Cost Per <u>Rider</u>
District Operated				
Kellogg	\$25,610	4.3%	\$3.13	\$871
Moscow	61,519	12.7	3.86	898
Kamiah	27,043	16.3	3.58	981
Salmon	14,631	4.3	3.12	1,046
Dietrich	1,333	1.5	3.04	1,471
Lewiston	1,376	0.2	2.99	825
Average	\$21,919	6.6%	\$3.29	\$1,015
Contractor Operated				
Boise	\$766,007	14.6%	\$3.50	\$1,071
Wendell	111,221	29.7	4.27	1,162
Mountain Home	100,073	9.5	3.31	962
Caldwell	75,956	3.7	5.55	814
McCall-Donnelly	68,949	13.2	3.45	1,697
Twin Falls Joint	47,341	4.4	3.64	820
Garden Valley	42,435	23.4	3.97	1,675
Valley	30,879	9.0	3.29	1,062
Buhl Joint	17,795	5.4	3.16	831
Meadows Valley	5,375	7.5	3.24	2,971
Richard McKenna (charter)	3,957	36.0	4.67	2,155
Blackfoot Community Learning (charter)	1,540	3.2	3.09	1,133
Average	\$105,961	13.3%	\$3.76	\$1,363
State Average			\$2.85	\$746

Source: Office of Performance Evaluations' analysis of Department of Education data.

We appreciate the cooperation and assistance we received from the Department of Education and the Board of Education in conducting this follow-up review. A.J. Burns of the Office of Performance Evaluations conducted the review.

Joint Legislative Oversight Committee (JLOC)

Sen. Shawn Keough, Co-chair
Sen. John Andreason
Sen. Bert Marley
Sen. Kate Kelly

Rep. Margaret Henbest, Co-chair
Rep. Maxine Bell
Rep. Debbie Field
Rep. Donna Boe

Office of Performance Evaluations

Rakesh Mohan, Director

Appendix A

Board of Education and Department of Education's Self-assessments of Implementation Efforts



IDAHO STATE BOARD OF EDUCATION

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May 15, 2006

Mr. Rakesh Mohan
Ms. A. J. Burns
Office of Performance Evaluations
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Boise, ID 83720-0055

Re: Follow-up Review of the Report on Fiscal Accountability of Pupil Transportation

Dear Rakesh and A. J.:

Thank you for the opportunity to update the Office of Performance Evaluation (OPE) on the progress the State Board of Education (Board) has made on the recommendations set out in the January 2004 Report on Fiscal Accountability of Pupil Transportation.

Listed below are each of the recommendations and the Board's progress on each recommendation:

Recommendation 2.1 – To improve accountability of pupil transportation funds, the State Board of Education should clarify the State Department of Education's oversight roles and responsibilities for conducting in-depth program reviews, follow-up procedures, and financial reviews of school district pupil transportation activities.

Section 33-1511(4), Idaho Code has been amended to authorize the supervisor of school transportation to conduct any combination of in-depth program reviews, fiscal audits, and reviews of annual reimbursement claims supporting documentation of each school district pupil transportation program at a frequency adequate to ensure compliance with state law, accuracy of data and reimbursement claims, and safety of school buses.

Recommendation 7 – To improve the oversight of district pupil transportation contracts, the State Board of Education should:

a. Require all school districts to use a contract format approved by the State Department of Education;

Section 33-1510, Idaho Code has been amended to require that all contracts entered into by boards of trustees for the transportation of pupils

shall be in writing using the current pupil transportation model contract developed by the state department of education. Furthermore, the Standards for Idaho School Buses and Operations has been amended to require school districts to use the State Department of Education's model contract.

b. Clarify the State Department of Education's role in approving school district contracts, as well as when these reviews should take place;

Section 33-1510, Idaho Code has been amended to require school districts to submit to the state superintendent of public instruction a copy of the pupil transportation contract prior to both parties signing it, for a review of legal requirements and appropriate costs and for final approval.

c. Develop guidelines for school districts to follow when reviewing pupil transportation bids.

The Standards for Idaho School Buses and Operations has been amended to require the State Department of Education to develop guidelines for use in advertising transportation bids, reviewing transportation bids and awarding transportation bids. The State Department of Education is currently drafting those guidelines.

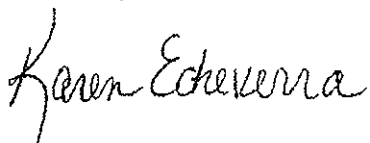
Recommendation 8 – To help districts develop request-for-proposal specifications that promote competitive bidding, the State Board of Education should obtain a formal opinion from the Office of the Attorney General on whether information about bus routes is proprietary.

The State Board of Education will request legal guidance from the Attorney General on whether information about bus routes is proprietary.

Therefore, the State Board of Education believes they have complied with the recommendations set out in this report.

Please let me know if you have any further questions or if I can be of any assistance.

Sincerely,

A handwritten signature in black ink that reads "Karen Echeverria". The signature is written in a cursive, flowing style.

Karen L. Echeverria
Chief Administration and Governmental Affairs Officer



STATE OF IDAHO

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May 15, 2006

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EVALUATION FOLLOW-UP INQUIRY RESPONSES

Dear Mr. Mohan:

Please accept the following responses related to your recent evaluation inquiries. All responses target specific recommendations found in the Office of Performance Evaluations Report #04-02 and are addressed in the order they appeared in the report.

1. *To improve the accountability of pupil transportation funds, the State Board of Education should clarify the State Department of Education's oversight roles and responsibilities for conducting in-depth program reviews, follow-up procedures, and financial reviews of school district pupil transportation activities.*

This recommendation was addressed to the State Board of Education; however, it has been implemented. The Department's role is now defined in State Board of Education Administrative Rule (Standards for Idaho School Buses and Operations (SISBO), August 13, 2004, page 73) and in Idaho statute, § 33-1511, Idaho Code, "Powers and Duties Related to Transportation."

2. *To provide effective oversight of school district pupil transportation activities, the State Department of Education should:*
 - a. *Increase the frequency of its in-depth program and financial reviews.*

This recommendation has been implemented and is now delineated in State Board of Education Administrative Rule (SISBO, August 13, 2004, page 62) and in Idaho statute, § 33-1511, Idaho Code, "Powers and Duties Related to Transportation."

- b. Expand the scope of its on-site spot inspections to include review of reimbursement claim documentation.*

This recommendation has been implemented. The Department's Division of School Transportation employed four additional field school transportation specialists to assist in conducting on-site and desk audits of district pupil transportation claims and supporting financial data. The Department now includes reimbursement claim forms, school bus inspection forms, and spot-inspection letter from the previous year or site visit. The Department also requests supporting financial data to be submitted to the Department for evaluation by a school transportation finance specialist prior to school transportation field specialist site visits. The school transportation finance specialist and the field specialists coordinate their efforts during the site visit.

- c. Require school districts to submit and adhere to corrective action plans.*

This recommendation has been implemented. Although not every spot inspection or fiscal review triggers a corrective action plan request, some do. When the school transportation field specialist and district act in concert in correcting discrepancies during the site visit, no corrective action plan is requested as part of the district's findings letter. School Transportation Field Specialists not only review prior findings letters during subsequent site visits, the specialist routinely follows up with informal telephone contacts. The School Transportation Finance Specialist also performs routine follow up contacts.

- d. Prioritize its schedule to address those districts that are subject to the pupil transportation funding cap.*

This recommendation has been implemented; however, it is important to recognize that prioritizing "cap reviews" remains a moving target secondary to the dynamics of the funding cap model, which is not completely finalized or solidified before June 30 of each year. The Department attempts to schedule and conduct on-site cap reviews each year according to those districts that "appear" to be capped. If a school district remains "capped" from one year to the next, however, a site visit may not be necessary or conducted (see § 33-1511, Idaho Code). Follow up conversations with those districts are performed, however, and exploratory inquiries are conducted concerning efforts by the district in implementing cost-saving measures.

- 3. To ensure that adequate resources are available for effective oversight, the State Department of Education should submit a detailed plan to the Office of the Governor and the Legislature outlining resource needs for specific activities, number of proposed inspections, and expected results.*

This recommendation, although permissive, was implemented during the 2004 legislative session. The Department worked cooperatively with legislators, legislative support staff, Office of the Governor staff, and Office of Performance Evaluations staff in drafting funding and performance legislation during the 2004 Idaho legislative session (see § 33-1511, Idaho Code;

2004 Senate Bill 1331, and 2004 House Bill 847). Results from legislation and State Department of Education efforts can be assessed by comparing the Department's current "Funding Cap Model" (posted on the Department's website) with prior year "Funding Cap Models."

4. *To reflect the substitution of 100 used buses for new ones in the contract cost, the Independent School District of Boise City should renegotiate its existing pupil transportation contract with Laidlaw Educational Services. A successful outcome of the renegotiation should result in lowering the cost of the current contract. If negotiations fail, the school district should not grant an automatic two-year extension to the current contract when it expires in June 2006; instead, the contract should be reopened to bidding.*

While this recommendation is directed to the Boise School District, the State Department of Education can provide observation and insight related to this recommendation. It is the understanding of the Department that Boise School District did conduct good-faith renegotiations with its contractor, subsequently cooperatively agreed to terminate the contract early, and reopened the contract to the bidding process. Additionally, it appears the school district modified the new contract to shift some state funding costs to local funding mechanisms, e.g., providing district owned facility. It is interesting to note that Boise's funding cap penalty fell from \$1.1 million in fiscal years 2002 and 2003, to \$0.59 million in fiscal year 2004, and is currently expected to increase to approximately \$0.76 million in 2005. The consequences of Boise's funding cap penalty decrease (along with the combined efforts of other school districts) may explain why an additional number of Idaho school districts now find themselves wrestling with the dynamics of the funding cap formula, i.e., the combined efforts of school districts in reducing school transportation operating costs inherently narrows statewide operating ranges and results in a higher number of school districts operating at or near statewide averages in cost-per-rider and cost-per-mile.

5. *To encourage school districts to implement more cost containment measures, the State Department of Education should:*
 - a. *Provide reimbursement trend analysis information on the department's website or in publications.*

This recommendation has been implemented. The Department's Division of School Transportation significantly modified the web-based appearance of its annual school transportation financial reports. The basic financial information remains intact; however, individual district line-item percentage trends are now provided. A comparison of prior year and current year financial summary reports is available on the Department's website (www.sde.state.id.us/finance/transport) under publications. In addition, the Department has traditionally offered training at summer conferences and in other settings. Website use and access training will be an ongoing goal of the Department. Individualized training will be offered during onsite inspections and at future transportation conferences and at technician and train-the-trainer workshops.

b. Modify its bus run report to include percent occupancy of each bus run.

This recommendation has been implemented. Individual school districts can now access individual run report information on the Department's website, which includes rider-to-occupancy information. This information is annually updated through a data-entry process and is maintained on a department server. Secure documents that provide individual district run reports can be accessed by school districts by visiting the Department's website (<http://www.sde.state.id.us/finance/transport/forms.asp#Annual> - under forms and lists).

c. Work with the Pupil Transportation Steering Committee to develop best practices tailored to Idaho's pupil transportation needs.

This recommendation has been implemented. The fruition of this endeavor has been posted to the Department's website at <http://www.sde.state.id.us/finance/transport/docs/regs/BestPractices.pdf>.

d. Request assistance from the Idaho Department of Health and Welfare for continued training of school districts in the use of Medicaid funding to offset some of the transportation costs for special needs students.

This recommendation is in progress and has been partially implemented. The State Department of Education in cooperation with the Idaho Association of Pupil Transportation (IAPT) has presented information at previous annual pupil transportation summer conferences. SDE believes these presentations have helped in increasing awareness of funding alternatives at the local level. It is anticipated that this topic will be periodically reviewed at upcoming pupil transportation summer conferences.

e. Reinforce the requirement for districts to report Medicaid reimbursements received for special needs.

This recommendation has been implemented. The Department currently requires school districts to provide information related to Medicaid reimbursements for special needs transportation as part of the annual pupil transportation claim submittal process. Annual instructions for filling in and submitting the claim form includes verbiage related to this funding source and reporting process. It has become a line item on the pupil transportation claim form and is captured as a sub-category of "reimbursement received" on the annual publication of the Division of School Transportation's financial summary (see <http://www.sde.state.id.us/finance/transport/docs/Publications/FINSUM04.pdf>). Secure documents that detail the reimbursement claim form and this line item can be accessed by school districts by visiting the Department's website <http://www.sde.state.id.us/finance/transport/forms.asp#Annual> (under forms and lists).

In addition, Medicaid training has been offered during past pupil transportation summer conferences and will be an ongoing goal of the Department. Individualized training will be

offered during future transportation conferences, breakout sessions, and periodically at train-the-trainer workshops.

6. *To ensure the information necessary (e.g., average daily ridership) for determining district reimbursable cost for pupil transportation is reported accurately and uniformly across the state, the State Department of Education should establish in administrative rule a method that increases and standardizes the days districts count riders.*

This recommendation has been implemented. The Department implemented this recommendation in State Board of Education Administrative Rule, by reference (see SISBO – August 13, 2004, page 74). The rule annually requires a minimum of ten ridership counts by school bus drivers on specific days; however, the Department generally requires ridership counts on specific days in excess of the required ten.

7. *To improve the oversight of district pupil transportation contracts, the State Board of Education should:*
 - a. *Require all school districts to use a contract format approved by the State Department of Education.*

This recommendation has been implemented. Working in concert with legislators, legislative support staff, and the State Board of Education support staff, § 33-1510 of Idaho Code was amended to require the use of the Department's pupil transportation model contract. Additionally, State Board of Education Administrative Rule by reference (SISBO, page 76) was amended to delineate this requirement.

- b. *Clarify the State Department of Education's role in approving school district contracts, as well as when these reviews should take place.*

This recommendation has been implemented. With cooperation of legislators and legislative support staff, § 33-1510 of Idaho Code was amended and now delineates the contract approval process.

- c. *Develop guidelines for school districts to follow when reviewing pupil transportation bids.*

This recommendation is in progress with the major part of the implementation completed. The Department amended State Board of Education Administrative Rule to include this recommendation as a Department requirement (see SISBO, page 76). The Department has also posted a contract bidding "Quick-List" on its website. Contracting school districts can use the "Quick-List" as partial guidance (see Appendix F of the Department's Pupil Transportation Manual). Modifications to this "Quick-List" will be expanded to include additional criteria for appropriately evaluating school transportation contract bids. This should be completed by year's end.

8. *To help districts develop request-for-proposal specifications that promote competitive bidding, the State Board of Education should obtain an opinion from the Office of the Attorney General on whether information about bus routes is proprietary.*

Although this recommendation is directed to the State Board of Education, the Department of Education believes it has been implemented through the rulemaking process. Since the rulemaking process requires deputy attorney general review, prior to presentation to the State Board of Education, during public State Board of Education meetings, and prior to legislative committee review, the Department feels that current administrative rule language meets the intent of this recommendation (see SISBO, page 76).

9. *To optimize the use of school buses in the district fleet and to know when a bus needs to be replaced, eliminated, or added to the fleet, the State Department of Education should develop a model bus replacement plan that is based on mileage, age, and use criteria.*

This recommendation is in progress; however, a major part of the implementation process has been completed. The Department, in cooperation with the State Board of Education, amended State Board of Education Administrative Rule by reference, which now requires an increased amortization and depreciation reimbursement rate of twelve years. The Department acknowledges recent manufacturing and technological improvements, which will inherently increase school bus life. In addition, the Department increased awareness of bus replacement criteria at the local level by adding bus replacement language in SISBO (see SISBO, page 81). The Department anticipates complete implementation of this recommendation by year's end.

The State Department of Education and its School Transportation Division welcomed the audit performed by Idaho's Office of Performance Evaluations. Many positive changes have occurred as a result of the audit. It is hoped that school transportation stakeholders, including legislators, will recognize that "change" is sometimes painful and can occasionally result in unintended results. The 103% school transportation funding cap, for example, may be well intentioned but may result in unintended consequences because of the narrow operating window. The 103% school transportation funding cap (see § 33-1006, Idaho Code) has the potential for displacing student riders into other forms of school transportation that statistically places them at a higher risk for injury or death. The 103% school transportation funding cap does act as a unique tool in equalizing reimbursement inequities between district-owned and contracted operations; however, the operating window may be too narrow. A 105-110% operating window may better serve school districts and student riders in Idaho.

Sincerely,



Marilyn Howard
State Superintendent of Public Instruction